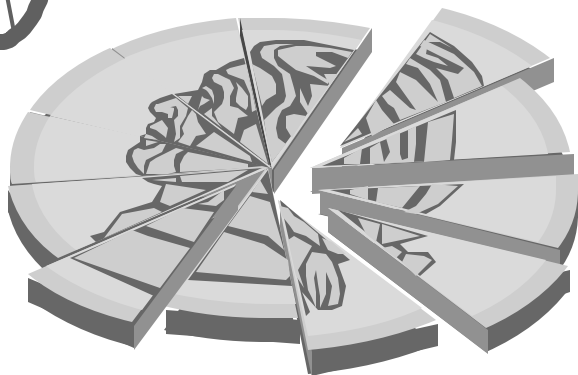
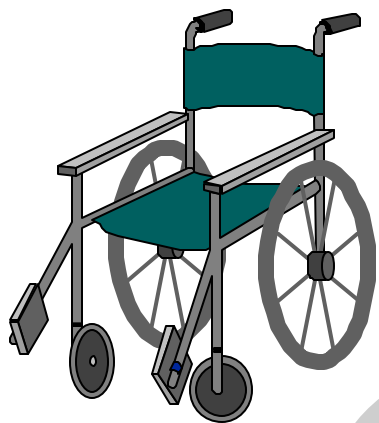
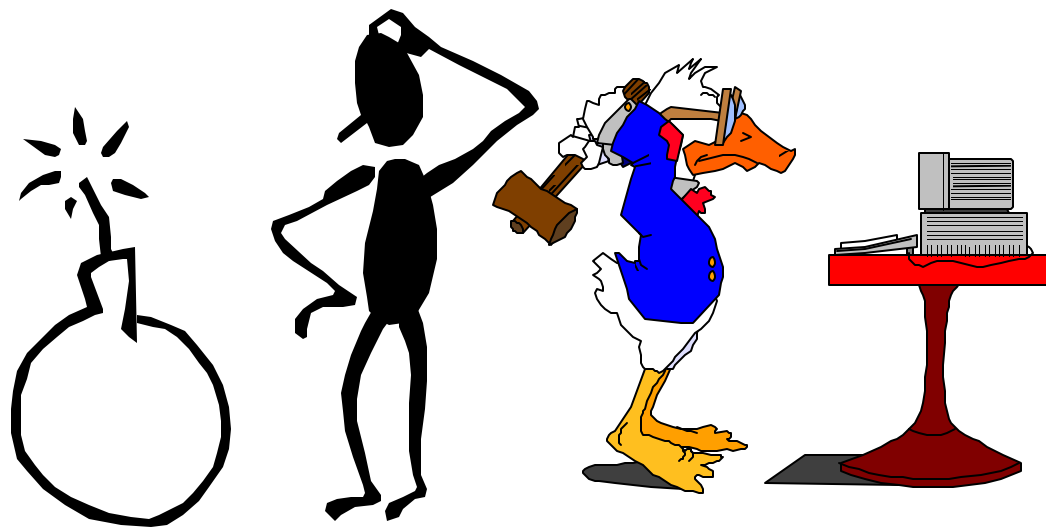


***Discipline of Market
Leaders***
**and other impediments
to implementation**

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Discipline of Market Leaders

- **by Treacy & Wiersema**
- **Survey of 80 high performing firms**
- **Key to success: Focus**

Operationally Excellent

- Highest quality => lowest cost
- “Formula” => short menu
- Process innovative



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TEXAS INSTRUMENTS

Product Innovative

- Market leader in innovation
- Measure: number of patents,
Nobelists, turns in the marketplace

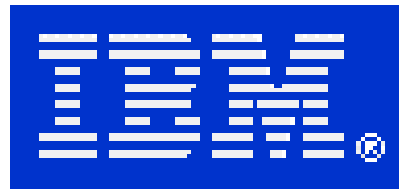


Customer Intimate

- “Infinite” menu
- Measure: “walletshare”
- NOT lowest cost, highest quality, most innovative
- “Schmoozes”



ARTHUR
ANDERSEN



Deloitte Touche
Tohmatsu

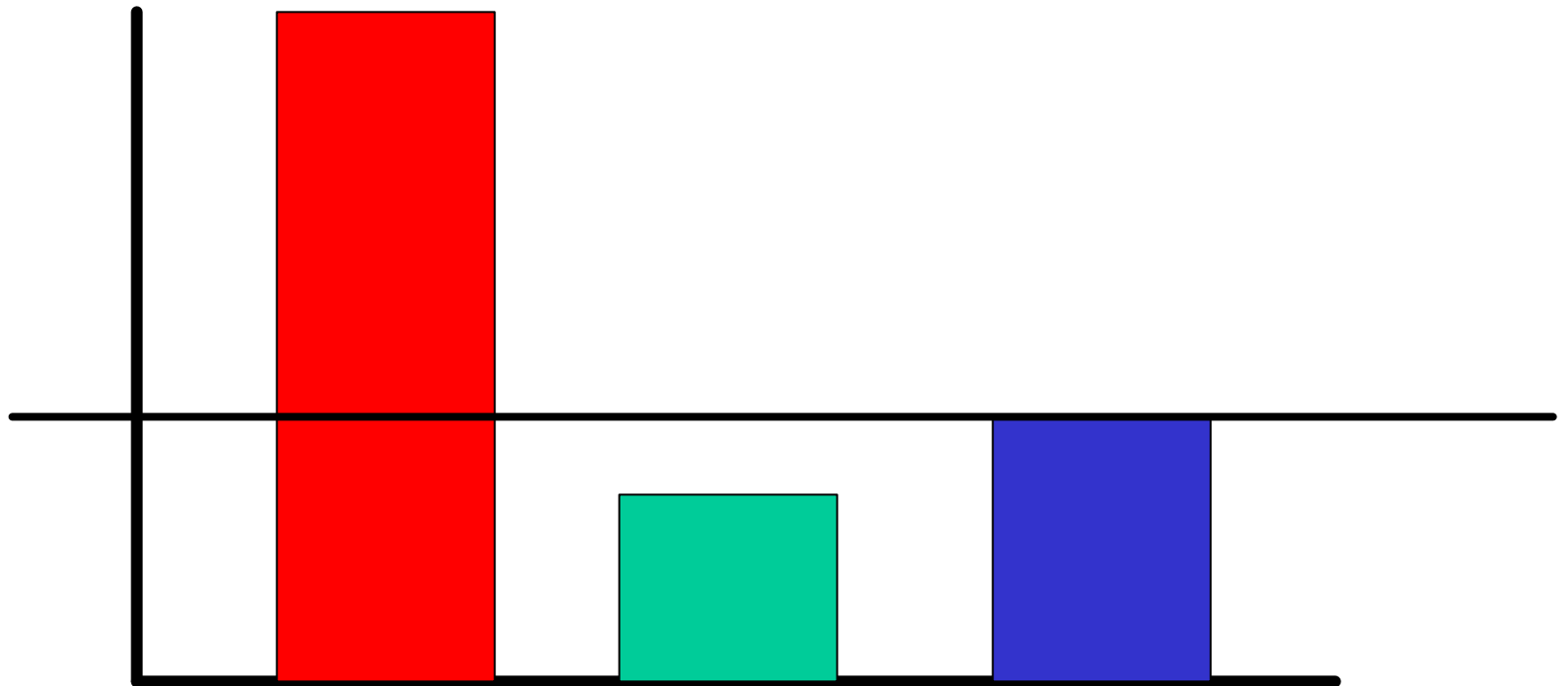
PRICEWATERHOUSECOOPERS



ERNST & YOUNG

FROM THOUGHT TO FINISH.™

**Focus on one,
have to meet the
threshold in all**



Innovator's Dilemma

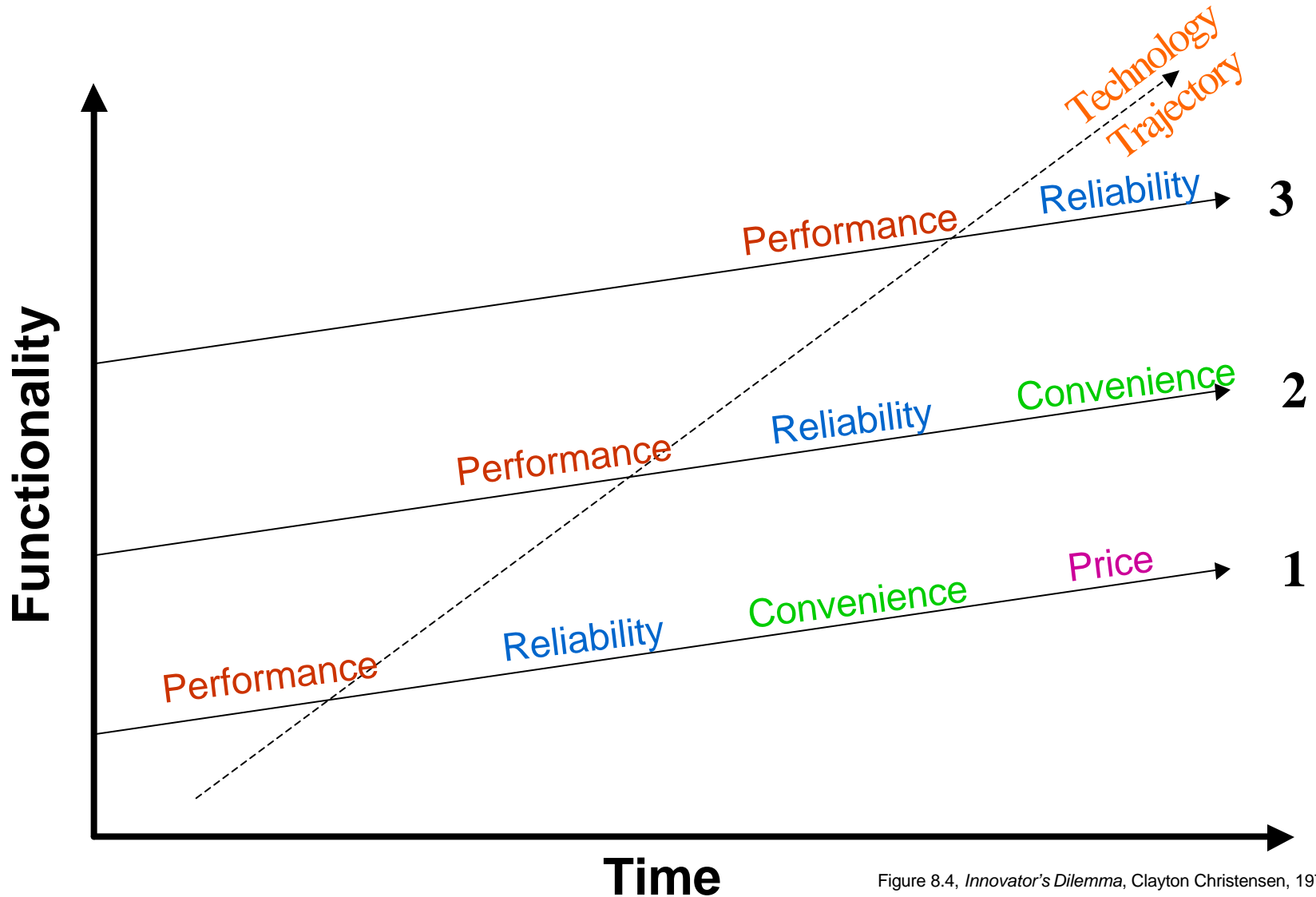


Figure 8.4, *Innovator's Dilemma*, Clayton Christensen, 1977, p. 179.

Square peg - round hole??



Operationally Excellent

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TEXAS INSTRUMENTS

Customer intimate: flexibility is key

- ***Peer reviews:*** look for “magic numbers,” unintelligible code
These limit choices, flexibility, time to respond
- ***Configuration management:*** The interfaces
End-to-end solutions are possible

Customer Intimacy (cont.)

**Most important
ingredient:
*Architecture
standards***

**Enables flexible,
hitherto unseen
solutions**

Product innovative: features are key

- ***CMM KPA Goal 1: “xx is planned”***
Planning is not as important as understanding & challenging constraints
- ***Plan: “1.4 striking breakthroughs per fortnight”***
Innovation cannot be planned

Innovativeness (cont.)

- ***Instead*** - risk manage

Create an environment of creativity (= OK to fail *in the small*)

- ***Lightweight processes***

Probably documented only at highest level

Innovativeness (cont.)

- ***“Good enough quality”*** – quality that meets the threshold value

Benchmark quality & other attributes to tune values

- ***High differentiation, high integration***

Lots of experts + people whose job it is to benchmark and integrate, stay focused

Whoosh!

- **“Fit” is an important, practical reality**
- **Always ask “Why?”**
- **Remember: we are in one of the slowest moving and least understood professions, so ...**
- **Stay alert, don’t believe everything you hear/read**
- **Search, seek, keep high standards!**